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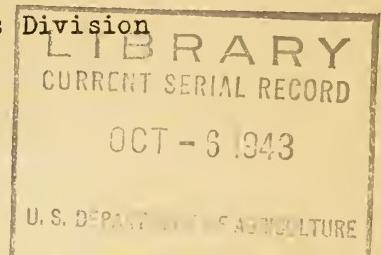
UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD DISTRIBUTION ADMINISTRATION
Washington, D. C.

March 12, 1943

TO: Chiefs, Regional Marketing Reports Division

FROM: Marvin M. Sandstrom, Chief, Marketing Reports Division

SUBJECT: The Current Potato Situation



Background

Confusion is widespread with regard to the current potato supply situation. It is the result of many conflicting and erroneous statements, particularly sensational newspaper stories -- based on fiction as well as fact -- which almost eagerly play up shortages or threats of shortages. This confusion in the public's mind is very dangerous, aggravating a situation that is serious enough without further complications.

The potato supply is tight. If it is not handled properly it can be made much worse. For example, after a "scare" story in a midwestern newspaper, one retailer reported that his potato sales that same afternoon skyrocketed to 5,000 pounds before closing time. A Nation-wide buying epidemic of this kind would disastrously disrupt the potato supply. For that reason, as well as to give you a clearer picture of the situation, the facts are outlined briefly in this memorandum.

The Situation

During the late spring months before the new crop comes to market from the southern early producing areas, consumers depend upon the stocks of old potatoes held over from the previous year's crop. About the time that the old potato supplies are used, sufficient supplies of new potatoes move into the market. Even normal years -- and even when the crop is large -- there is a narrow margin of supply during the late spring months; and if every person ate an extra ounce or so of potatoes for a few weeks old stocks would "evaporate" too soon. So a "tight supply" is not unusual in April and May.

This year, however, there are complicating factors. Consumers are unable to obtain all they would like of other foods, and are depending more on potatoes; farmers are requiring more seed to meet increased potato goals for 1943 in order to provide adequate supplies to fulfill expanded requirements next year; and the Armed Forces are requiring relatively large quantities in some areas. In addition there unquestionably has been some consumer hoarding in recent weeks, unwise and wasteful as it is.

Holdings of old potatoes on January 1, the date of the latest report on supply, showed that about 101 million bushels were on hand, or only about 1 percent below normal. Rail shipments since that date have been at an accelerated rate (basis of some scare stories). Although these greater rail shipments undoubtedly indicate somewhat greater consumption and greater purchasing for seed purposes, it must be remembered that rail shipments would naturally be greater

through the diversion from trucks to railroads, and also that many distributors have been building up larger-than-usual stocks of potatoes. This latter indicates that, to some extent, potato supplies this season are merely in a different position in the distribution channel, being in the hands of distributors rather than at country shipping points.

Even with these mitigating factors which indicate that the greater rail shipment is not as significant as it appears at first glance, there is the probability of temporary, local shortages of potatoes during April and particularly May. The seriousness of these shortages depends generally on the actual size of current supplies (for which there are no reliable figures), whether new crop supplies will be large enough in May and June to "take up the slack," and how wisely consumers buy and utilize the available supplies.

Early reports indicated that the volume of shipments of new potatoes from the early States would be insufficient to make up for the estimated deficit of old crop supplies. These grower reports were made before growers knew of the price support program announced by the Department. Despite unfavorable reaction to established price ceilings (which may be revised by OPA), it is believed that the support program may offer sufficient inducement to provide a greater acreage of early potatoes than first indicated.

Special Factors

The Army, in order to meet its immediate requirements, has been purchasing potatoes under an A-10 priority in Idaho, Klamath Falls, (Oregon), and more recently in Nebraska, Colorado, and Maine. Authority to use this priority also has been extended to New York, Michigan, Wisconsin, Minnesota and North Dakota, but as yet Army purchases in these areas have been on a voluntary basis. This does not mean that the Armed Forces are purchasing the entire supply of potatoes in these areas, but rather that it is using an expedient to meet its requirements and also distributing the purchases equitably, among all shippers. The Food Distribution Administration has asked the Army to hold purchases of old potatoes to its immediate needs, and not to purchase these old potatoes for storage, but to wait until the new crop comes in, when possible.

Much publicity has been given to the allegation that seed potatoes are being used for eating purposes, and thus hurting 1943 production prospects. This probably is the result of evasions of the OPA ceiling prices through a loophole. Potatoes to be sold "for seed purposes" are exempt from price ceilings. It has long been the practice for shippers to mark on their potato bags "for seed or table use." It is reported that some shippers and distributors are circumventing price ceilings by claiming that they are selling their potatoes "for seed purposes," though they know that they will be eaten.

The claim that certified seed stock is being sold for table use undoubtedly stemmed from a few isolated instances in which growers had overpurchased seed stocks and sold the surplus. With prices of certified seed stock considerably higher than other potato prices, growers would be foolish to make this a habit.

Rationing of potatoes is very unlikely, since this is a temporary situation and rationing mechanism could not be set up fast enough to handle.

1943 Goal

The 1943 goal for Irish potatoes, revised upward twice, calling for an acreage of 3,260,000 acres, is 17 percent above 1942 acreage. On the basis of moderate yields this would provide a crop of about 410 million bushels -- enough to meet anticipated war and civilian requirements for next year.

To encourage growers to meet this goal, the Department on February 3 announced a support program for potatoes at a level equivalent to 92 percent of parity. Incentive payments, although announced about the same time, are an unknown factor now, pending Congressional action. Favorable grower reaction has resulted from the price support program, particularly in late producing areas.

Assuming that the 1943 goal will be met or approximately attained, supplies of potatoes between July 1943 and July 1944 will be adequate to meet anticipated requirements. Good weather, such as in the past season, would give a huge crop even if acreage goals are not quite met.

Most serious outlook is for the immediate weeks ahead. At the worst, the situation should be but temporary and as such is different from shortages of other types of food which are more or less with us for the duration. It is entirely possible that consumers will be asked to eat more potatoes later in the year, whereas they should be "slowing up" on potato consumption at present.

Recommendations

The situation, however, can cause headaches, and can become even more serious than necessary unless it is handled properly by Department representatives contacting the public directly or through newspaper and radio channels.

In contact with the public, every effort should be made to point out that there is no cause for undue alarm; that potato supplies may be tight temporarily in some areas, but that it is not entirely unusual or unexpected; that by eating somewhat fewer potatoes for a few weeks that we are providing more seed for an adequate crop next year.

All possible emphasis should be given to discourage hoarding by consumers. If civilians are prompted through "scare" stories to hoard potatoes, it will make the situation much worse than necessary, causing uneven distribution among the population and resulting in great waste through spoilage.

Late potatoes do not keep well under home conditions, and a bushel bought by a hoarder will deteriorate long before it can be eaten.

Consumers also should be encouraged to make the best possible utilization of potatoes, specifically through minimization of waste. Principal waste is through peeling, which not only causes loss of about one-fifth of the potato itself, but also destroys valuable minerals that lie close under the skin. Consumers should be encouraged to boil or bake potatoes with their jackets on for better nutrition and to help the national food situation.

